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RESEARCH REPORT

PROTOTYPICALLY BRANDED INNOVATIONS

Effect of the Typicality of a Brand on Consumer Adoption
and Perceived Newness of Branded New Products

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July 2009

Flanders District of Creativity is the Flemish organization for **entrepreneurial creativity**. It was founded in 2004 by the Flemish Government as a non-profit organization and enjoys broad support. Flemish businesses, academia, and public institutions use Flanders DC as a platform for cooperation in the pursuit of a more creative Flanders region.

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2. by igniting **creative sparks** in everyday life and business, and
3. by providing **research, practical business tools and business training**, in cooperation with the Flanders DC Knowledge Centre.

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In addition to these research projects, the Flanders DC Knowledge Centre has also developed the following tools and training sessions:

- **Ondernemen.meerdan.ondernemen**, an online learning platform
- **Creativity Class** for young high-potentials
- **Flanders DC Fellows**, inspiring role models in business creativity
- **Creativity Talks**, monthly seminars on business creativity and innovation
- **Innovix**, online innovation management game
- **Flanders DC Academic Seminars**: research seminars on business creativity and innovation
- **TeamScan**, online tool



Board of Directors of Flanders DC



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In times of crisis innovation budgets are under high pressure. Yet the reality of foreign low-cost competition remains a continuous threat for local producers. This threat should work as a strong incentive to keep innovation efforts up-and-running in difficult economical times to guarantee a viable competitive position in the long term.

The combination of these facts increases the importance of 'efficient innovation'. We argue that existing brands can help companies to engage in product innovation in a more efficient way. More specifically we argue that introducing products using specific types of existing brands (i.e. launching branded new products) can optimize companies' product innovation efforts.

When companies launch new consumer products, they strive to achieve two objectives in the most efficient way. A main objective is that the product has to be perceived as novel to enable companies to differentiate their offering from that of competitors. Another main objective, even more fundamental, is that the product has to be adopted by the target group.

We report findings from three quantitative studies that illustrate that prototypical brands, or brands that have become synonyms for specific product categories (e.g. Jeep, Pampers, Coca Cola, Google), prove to be an excellent means to help companies achieve both objectives at the same time. Put differently, our findings indicate that companies that succeed in increasing the typicality of their brands for specific product categories, can increase the efficiency of their branded product innovation efforts.

On the one hand we show that brand typicality increases the chances at adoption of a branded new product. On the other hand, we also show that brand typicality can increase the perceived newness of a branded new product. Similarly we find that the awareness level of brands, the extent to which they trigger a positive attitude and/or dispose of a dominantly functional image can increase the perceived novelty of a branded innovation.

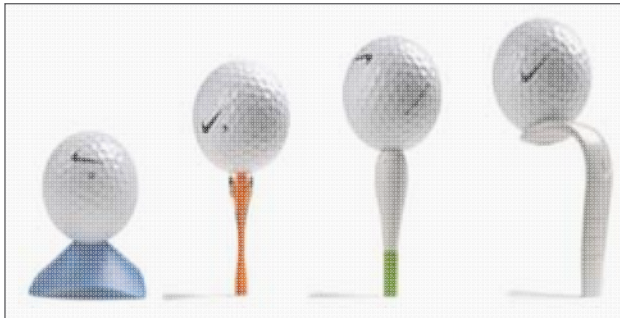
These findings are particularly interesting as products that are perceived as more novel have been reported to generate more company profits than products that are perceived as less new. Also, the insight that the perceived newness of a novel product can be manipulated by using specific types of brands to introduce this product, is thought-provoking in itself.

Introductory example

Nike invests tons of money in its core brand that is considered prototypical for the sports shoe category on a global scale. The fact that people who think of sports shoes immediately think

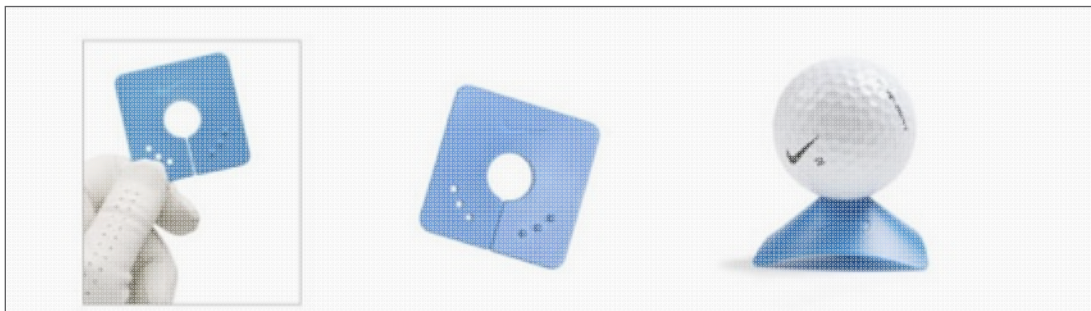
of Nike, represents a formidable asset to the company. This asset can be leveraged when the brand is used to introduce new products. But doesn't the prototypicality of Nike for running shoes limit the leveraging potential of Nike to running shoe innovations? Successful extensions of the Nike brand to products not directly related to sports shoes illustrate that this is apparently not the case. Currently, Nike is considering launching golf tee

Figure 1 Innovative Nike golf tees created by Altitude Inc.



innovations marketed under the Nike brand (see figures 1 & 2). This suggests that the company doesn't believe that the brand's prototypicality for the sports shoes category will hinder the introduction of 'non-sports shoes' products. This research report takes a deeper look at this phenomenon. More specifically, we study the effects of the prototypicality of a brand on consumer adoption of branded new products.

Figure 2 Altitude Inc., a product innovation firm, was asked by Nike to re-invent the golf tee. One of their most innovative designs was the 'Card'. This innovative golf tee enables easy storage, provides an area for advertising, and allows for play on all course environments. To play: fit the holes over the bumps, as you would the strap of a baseball cap, to adjust the height. A short description of the other golf tee innovations developed by Altitude Inc. can be found in appendix 1.



Product innovation in times of crisis:

Facing the challenge of meeting the same objectives with fewer resources.

The current economic crisis doesn't change what has become a main imperative over the past decade for local companies to survive in the global economy. To remain competitive, Flemish (and by extension Western) companies must continuously innovate their products.

The reasons are the same as yesterday: because competition on a global scale increases the invasion of cheap import products, Flemish (Western) economies are facing a huge threat of commoditisation. When local products are perceived as similar to foreign products, consumers start to buy on price alone and care less about who they buy from. If competition is strictly based on price, Flemish companies face incredible adversaries coming from low-wage countries such as China or India. As Flanders is bound to lose such a competitive battle when its products are seen as commodities that are not significantly different from the abroad offering, its only way out is to differentiate and innovate.

What the economic crisis does change, is that R&D budgets are under serious pressure. With the focus more than ever on cost-cutting, investments of huge R&D sums are risky endeavours. Because of this context, it is of utmost importance that those innovations that are developed and make it to the market, have a maximum chance at achieving their objectives.

Generically speaking two large categories of innovation objectives can be distinguished. As argued above, companies intend to differentiate their offering by launching new product innovations. However, a differentiated product only pays off if it is accepted by the target group. Thus, next to the differentiation objective, companies launching new products also face the challenge of getting their new product rapidly accepted by a large part of their target audience to secure their revenue stream. We argue that brands can possibly play a crucial role in helping companies to achieve these objectives in an efficient way.

Efficiently marketing new products: Launching branded new products or introducing innovations by extending existing brands

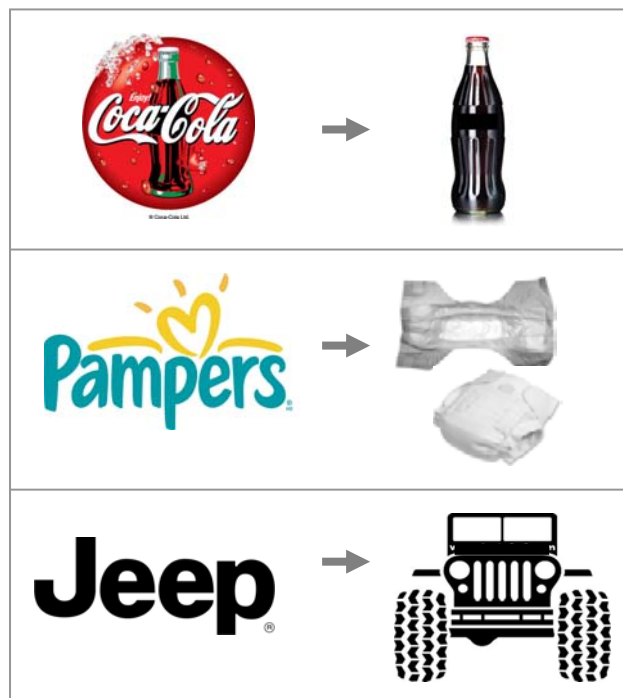
It makes more economic sense, especially in times of crisis, to launch a new product under an existing name than to create a completely new brand name. The reason lies in the excessive costs needed to introduce a novel brand name. In 2006 the cost of building a new consumer brand in the world's three main markets (USA, Japan and Europe) was estimated at one billion dollars (Kalamas et al., 2006).

Consequently, researchers have already been arguing for a long time that capitalizing on the equity in established brand names has become the guiding strategy of product planners (Tauber, 1988).

Twenty years later his statement still stands, as brand extensions are more than ever the dominant strategy for introducing new products in the market. In the US for example, leveraging an existing brand name is the strategy for 90 to 95% of the innovations that are launched each year (Kalamas et al., 2006).

If developing a new brand name is dismissed as a strategic option to launch an innovation, the question becomes what type of existing brand is best suited to launch an innovation. The obvious answer is to use those brands that best contribute to achieving the acceptance and differentiation objectives associated with the launch of a new product. In this report, we investigate a specific type of brands in this context. We study to what extent prototypical brands, or brands that are most representative of their product category, help or hinder companies to increase consumer acceptance and the perceived newness of their product innovations. Although the main focus in this study is on the typicality of brands as a determining characteristic, we also investigate the effect of the awareness level, the attitude triggered by brands and their image on the perceived novelty of branded new products.

Figure 3 Three examples of strong prototypical brands



This section of the report offers a concise overview of some major findings with respect to the typicality characteristic of brands. The origins of the construct as well as some major research findings are reported in this section. Readers exclusively interested in the effect of brand typicality in the context of branded new products are advised to jump to the next section (starting p. 14).

The origins of brand typicality: categorization theory

People are overwhelmed by an endless number of stimuli in their daily environment. To efficiently cope with this information overload, people simplify processing of these environmental stimuli by engaging in categorisation. Categorisation refers to the natural tendency of people to categorize both objects and persons into groups, types and other categories so that non-identical stimuli can be treated as if they were equivalent (Walker, Swasy and Rethans, 1986). Prototype theory suggests that when people categorize objects, they match them against “the prototype”¹, or the object people consider to be the “ideal exemplar”, which contains the most representative features inside the category (Rosch, 1978). For example, with respect to the category ‘furniture’ ‘chair’ will be considered more prototypical than ‘sofa’. Within branding literature, prototype theory has inspired researchers to study the typicality of brands.

I 13

Figure 4 A chair is usually seen as the most typical piece of furniture



¹ Later research also advocated a competing view, known as the exemplar theory. The exemplar view proposes that a category is represented by each of its instances (Higgins, 1989). This view argues that categorization is achieved through the retrieval of item-specific information from the stored exemplars of the categories the individual has experienced (Medin and Schaffer, 1978; Medin and Smith, 1984; Huber and Lenz, 1996). The prototype and exemplar view have been reconciled by research that shows support for a hybrid model wherein people represent categories with both prototypes and exemplars (Sherman, 2001; Mao and Krishnan, 2006). This hybrid view posits that individuals' mental representation of categories entails a two-level structure: higher order prototypes represent group-level information and lower-order exemplars incorporate individual or instance-level information (John, Loken and Joiner, 1998; Mao and Krishnan, 2006).

What makes a brand typical and what are the consumer effects of brand typicality?

Nedungadi and Hutchinson (1985) were among the first authors that explored the impact of prototypicality in a consumer behaviour and branding context. They found that subjects consistently rated some brands as being more typical for specific product categories than others. A large part of subsequent brand typicality research has focused on (1) the *causes* that make brands to be considered as typical with respect to a specific category, and (2) the *effects* of brand typicality in terms of consumer behaviour. In the next paragraphs, we briefly highlight some main findings.

Research suggests that the perceived typicality of a brand may be caused by at least three factors: (1) the brand's family resemblance to other brands in the category, (2) the extent to which it has "ideal" attributes, i.e., attributes useful to achieving the goals served by the category, and (3) its frequency of instantiation, i.e., the number of times the brand has been encountered as a member of the category (Barsalou, 1985 ; Ward and Loken, 1986).

Research focusing on the effects of brand typicality, has demonstrated that brand typicality is associated with several cognitive advantages. Past research has shown that more typical category instances are more likely than less typical instances to be named sooner in free recall exercises of category instances (Mervis and Rosch 1981; Nedungadi and Hutchinson 1985; Ward and Loken 1986). Classification of typical instances is demonstrated to be more quickly and with fewer errors than that of less typical instances (Mervis and Rosch 1981). Typical category exemplars have also been found to be learned more rapidly as category members, and used more often as cognitive reference points in comparisons (Mervis and Rosch 1981). Finally, a particularly interesting research stream has focused on the relationship between brand typicality and consumer preference.

Ward and Loken (1988) and Loken and Ward (1990) study the relationship between brand typicality and preference using cola drinks, new automobiles and clothing stores as stimuli. They argue that a positive relationship is likely for a variety of reasons. Brands with preferred characteristics may become more typical by a process of *natural selection*. When a new entrant with preferable but atypical characteristics gains share, other brands will attempt to imitate its characteristics making the offering of the initial entrant more typical of the category. *Goal-oriented categorization* provides another explanation for a positive relationship between preference and typicality. Barsalou (1985) shows that when people think of goal-derived categories they tend to judge exemplars that are more relevant to goal achievement as most typical of the category. Finally, Ward and Loken (1988) refer to *familiarity* as a possible reason. As Zajonc (1968) has demonstrated that greater familiarity with a stimulus leads to greater liking for the stimulus, a positive relationship between familiarity and typicality might offer an additional explanation for the positive effect of typicality on preference.

Despite the above arguments, Ward and Loken (1988) also stress that typical brands are likely to be less preferred in some specific cases. For example, *consumers may value uniqueness*, especially for more expensive, higher involvement products that are perceived as means of self-expression (Snyder and Fromkin, 1979). Thus, uniqueness theory suggests that when consumers buy products important to their self-concept, they may value atypicality per se. Additionally, researchers (e.g., McAlister and Pessemier, 1982; Raju, 1980) have suggested that consumers have a *basic motivation to seek variety* in their experiences. McAlister and Pessemier (1982) note that such arguments are based on Driver and Streufert's (1964) optimal stimulation level theory. This theory predicts that, as

stimulation falls below an optimal level, people will seek out new, unusual, and exciting products, services, and experiences. Applying this theory, it is likely that certain consumers will prefer atypical products over currently accepted more typical products.

Finally, Ward and Loken (1988) argue that the *expectancy-value model of attitude formation* (Fishbein and Ajzen, 1975) also provides support for a positive relationship between atypicality and preference in some case. The expectancy-value model suggests that consumers will have a more positive attitude toward products they perceive as more likely to have valued attributes. If a strong positive relationship between price and quality exists in a product category, and if better quality products tend to have smaller market shares because of their expense, then products that consumers perceive to have valued attributes may tend to be perceived as atypical of the product category.

Ward and Loken (1988) reconcile the above arguments that on the one hand predict a positive and on the other hand a negative relationship between brand typicality and preference, by looking at the purchase goals of consumers. More specifically, they find that the relationship between prototypicality and global attitude is positive among brands that belong to categories of inexpensive consumer products. On the contrary, in categories of products for which prestige, exclusiveness, or distinctiveness are more important purchase goals, they find that the relationship between prototypicality and preference can also be negative.

The above effects in terms of salience and preference illustrate that brands that are prototypical of their product category trigger interesting consumer effects that could increase the efficiency of introducing new products, when such products are launched as extensions of such prototypical brands.

However, the next section will illustrate that prototypical brands also exhibit other characteristics that might hinder the introduction of product innovations. Starting from these two sets of arguments research questions are formulated to empirically test which theories are supported by actual consumer behaviour.

As already mentioned, an increasingly popular way to improve the efficiency of launching new products, is by introducing new products using brands that are already known by consumers. This strategy is called brand extension. Depending on the category and geographical region, 80 to 95% of all new products are launched by extending existing brand names (Sheinin, 1998; Keller, 2003; Chowdhury, 2007; Kalamas et al., 2006; Ahluwalia, 2008). Through brand extensions, companies hope to transfer the awareness and quality associations of the brand to the new product, in this way increasing its chances at acceptance (Reddy et al., 1994; Taylor and Bearden, 2002). Using existing brands to introduce new products also avoids the excessively high cost of installing a new brand name.

Previous literature has generated a substantial amount of data demonstrating that the nature of the parent can be a strong facilitator of the success of branded new products. Supporting evidence was found for several parent brand-related elements such as awareness (Herr et al. 1996), the history of previous brand extensions (Boush and Loken, 1991; Dacin and Smith, 1994), parent-brand experience (Swaminathan, Fox, and Reddy, 2001), parent-brand conviction (Kirmani, Sood, and Bridges, 1999), brand-specific associations (Broniarczyk and Alba, 1994; Glynn and Brodie, 1998), brand loyalty (Hem and Iversen, 2003), and the quality (strength) of the parent brand (Smith and Park, 1992; Keller and Aaker, 1992; Dacin and Smith, 1994; Bottomley and Doyle, 1996). Yet, the effect of the typicality of the parent brand on the extension product has received little research attention.

This is surprising as the goal of a brand extension is to transfer the positive beliefs associated with well-known brands, and prototypical brands, or brands that are highly representative of their core product category (Loken and Ward, 1990; Keller, 1991) are particularly well-known and perceived as high-quality (Ward and Loken, 1988). In the next paragraphs three specific research questions are formulated combined with a set of theoretical arguments that were addressed in an empirical investigation.

Research question 1:

Does brand prototypicality help or hinder the adoption of branded innovations?

Prototypicality has been associated with several cognitive advantages such as better and quicker recall, easier processing (Rosch and Mervis, 1975), and liking (e.g., Ward and Loken, 1988). These characteristics make prototypical brands very suited to facilitate the acceptance of new products. However, intuitively one could expect that their strong category anchoring might restrict their extendibility, especially to new products that are distant from the parent brand category (i.e. new products belonging to product categories that are not the same or not very closely related to the core category associated with the parent brand (see figure 4 for an example)).

Additionally, because prototypical brands are strongly anchored in consumers' current category representations, one could reason that the suitability of prototypical brands to introduce considerably novel

products, which by definition depart from existing category representations, might be limited. In a first section of this report we study whether brand typicality helps or hinders consumer acceptance.



Figure 5 For the Ducati brand, a novel motorbike represents a close extension and a cappuccino machine a distant extension. A new Ducati bicycle can be characterized as a closer product extension than the cappuccino machine extension, because the bicycle product category is more closely related to the motorbike core product category of the Ducati brand, than the cappuccino machine product category.

Research question 2:



Does brand prototypicality increase or decrease the perceived newness of a branded innovation?

Although being accepted by consumers is a fundamental condition for the success of a product innovation, the majority of benefits of undertaking product innovation efforts are related to the perceived novelty of the product. This level of perceived newness will enable a company to differentiate its product from competing products. However, while highly novel innovations account for 61 percent of all the profits from innovation, incremental innovation projects make up 85 to 90 percent of the average development portfolio. Moreover, research indicates that between 1990 and 2004, the proportion of “truly new innovations” in development portfolios fell from 20 to 11.5 percent (Day, 2006). So, although the potential benefits are considerable, coming up with breakthrough new products does not prove an easy challenge for firms. For that reason, a particularly interesting research question might be whether a firm can make a same innovation be perceived as more (less) radical or novel.

We argue that brands provide a means to firms to manipulate the perceived novelty of its new products. Branded new products confront consumers with two sources of information: the brand and the new product itself. Because the new product is by definition (to a certain extent) unknown to consumers, it is likely that the existing brand, provided it is known by consumers, will play a crucial role in the (novelty) perception of the new product. As we focus on prototypical brands we study the effect of brand typicality on the perceived newness of branded new products.

Consider the following fictitious example of two global brands such as MSN and Google. Google and MSN are both strong brands that offer a range of similar products (search, chatting, navigation, news...). However, the radicalness of a same innovation might be perceived very differently depending on which brand is used to market it. For example, suppose both Google and MSN introduce a new way of Internet search called “intuitive search”. One could reason that in the MSN case this innovation might be considered as highly new by consumers, while it will be perceived as less novel when it is introduced using the Google brand name. A possible reason lies in the fact that the “intuitive search innovation” might be perceived as directly in line with the “search” core business of Google, while it may be seen as something considerably different than the “chatting” core business the MSN brand is known for. For the same reason however, Google “intuitive search” might also be perceived as more trust-inspiring compared to MSN introducing this new product. Now suppose both Google and MSN introduce a new way of chatting called “intuitive chatting”. Following the same reasoning the opposite might happen: “Google Intuitive Chatting” might be considered as more novel but less trust-inspiring than “MSN Intuitive Chatting”.

Figure 6 MSN and Google

	'Intuitive Search'
'Intuitive Chatting'	

However, an alternative reasoning is also possible. Recent research (Selinger, Dahl and Moreau, 2006) has argued that consumers may be more able to assess the extent of newness of an object when they are provided with a trigger of the product category to which the innovation belongs. The authors reason that the activation in consumers' memories of the product category to which the innovation belongs, provides them with a benchmark against which they can evaluate the newness. Applying this reasoning in the Google/MSN example leads to opposite hypotheses than the ones mentioned above. According to the theory of Selinger, Dahl and Moreau (2006) 'MSN Intuitive Chatting' and 'Google Intuitive Search' would each be perceived as more new than respectively 'Google Intuitive Chatting' and 'MSN Intuitive Search'. The extremely high brand typicality of MSN for the chatting product category enables it to serve as a strong category label, which could facilitate newness perception of consumers when the brand is used to introduce a chatting-innovation. Similarly, the extremely high brand typicality of Google for the internet search product category enables it to serve as a strong category label, which could facilitate newness perception of consumers when the brand is used to introduce an internet search-innovation. In a second section of this report we test which of these alternative scenarios are supported by the data, to determine whether brand prototypicality increases or decreases the perceived newness of a novel product.

Research question 3:

Do other brand characteristics (awareness level, attitude towards the brand, brand image) increase or decrease the perceived newness of a novel product?

In a third and final section of this report, we also study three other brand characteristics, and their effect on the perceived novelty of branded new products. The impact of a brand's equity and image on variables related to innovation adoption, such as purchase intentions or customer loyalty has been the object of intensive study in the branding literature (e.g., Bird, Channon, Ehrenberg, 1970; Hekkert, Snelders, van Wieringen, 2003; Slotegraaf and Pauwels, 2008). However, the impact of these brand characteristics on the perceived novelty of a branded new product has not yet been investigated. In this report we address this research gap.

The research methodology consisted of a series of qualitative focus groups and a small-scale online survey which served as pre-tests. Three large-scale quantitative online data collections were subsequently used to address the proposed research questions.

Table 1 Overview data collections

Studies	n	Objective
Pre-tests		
Online survey 0	28	Select product category & brand stimuli
Focus group	8 + 6	Select innovation stimuli
Main data collections		
Online survey 1	225	RQ 1+2, optimize product category & brand stimuli selection study 2 & 3
Online survey 2	471	RQ 1 + 3
Online survey 3	893	RQ 1

Pre-tests

Three pre-tests were set up to select the stimuli for the main data collections. A first pre-test was executed to select a number of product categories with a clear prototypical brand and a sufficient number of other well-known brands in the category that were expected to vary in typicality ratings. 28 respondents (11 males, 17 females, 23 to 57 years old) filled out an online questionnaire in which they were asked to answer two open-ended questions for a total of 31 product categories (Which is according to you the most representative or most typical brand for this product category? Which other brands do you know that belong to this product category?). The respondents were provided with an introduction on brand typicality as suggested by the procedures developed by Rosch and Mervis (1975), and successfully applied by other authors (e.g., Ward and Loken, 1988; Loken and Ward, 1990). A total of 12 product categories, each represented by 5 or 6 brands, were selected for further inclusion in the first main data collection. Table 2 provides an overview of the retained brands and categories².

A second pre-test was set up to generate fictitious innovation stimuli. The test consisted of a focus group composed of 8 respondents (5 males, 3 females, 27 to 57 years old) that were asked to generate as many new product innovations as possible for the selected product categories. From the results, a fictitious innovation was chosen for each of the 12 product categories. Table 3 provides an overview of the innovations selected for data collection 1.

A third pre-test was organised prior to the final main data collection. In a focus group (n=6, 50% male, age 23-30), two sets of fictitious new products were defined. One set consisted of close new

² On the basis of the first main data collection, this subset of brands and product categories was further reduced for inclusion in the second main data collection (see table 4).

products, or product innovations within a product category that is the same as or very closely related to the core product category of the brand. The other set of innovations were distant new products, or innovations in product categories that are different from the core category associated with the brands in the study. Table 5 provides an overview of the innovations and brands selected for data collection 3.

Table 2 Results pre-test 1 (n=28) Overview of the brand and product categories used in data collection 1

Which is according to you the most representative or typical brand in this category?		Which other brands do you know that belong to this category?											
Cola drinks	Coca Cola*	Pepsi*	River*	Dr Pepper*	Virgin*								
	100%	64%	14%	7%	7%								
Ketchup	Heinz*	wifi product	365*	Nr.1*	Vande moortele*	Calvé*							
	100%	7%	4%	7%	14%	4%							
4x4 cars	Jeep*	Range Rover	Audi A4	Landrover									
	29%	14%	4%	21%									
Jeans	Denim	G-star*	Saint-Oliver	Lee's*	Lee Cooper*	Lee*	Free soul	Lee*	Lee Cooper*	Diesel*	Versace	Polo Sport	Pepe Jeans*
	4%	4%	4%	57%	7%	7%							
Sports shoes	Nike*												
	100%												
Cell phones	Nokia*	Motorola*											
	93%	7%											
Chocolate spread	Nutella*												
	100%												
PDAs	Nokia	Blackberry*	Palm*	HP*									
	14%	4%	29%	21%									
Luxury 4x4 cars	BMW*	Porsche Cayenne	Land Rover	Range Rover*	Lexus								
	4%	7%	14%	14%	7%								
Luxury watches*	Cartier*	Rolex*											
	14%	64%											
Internet search engines	Google*												
	100%												
Photo cameras	Canon*	Nikon*	Kodak*	Sony*	Parasonic								
	50%	7%	21%	4%	7%								
Skin care products	Dove*	Nivea*											
	7%	86%											

The percentages indicate the relative number of respondents that answered the specific brand in response to the open questions indicated. Only those categories are shown that were selected for inclusion in the main study. Only the brands that are marked with * were included in data collection 1.

Table 3 Results pre-test 2 (n=8)) Overview of the fictitious innovations used in data collection 1

Product category	(Fictitious) innovation	Description
Internet search engines	“Search-merge”	The “search-merge” digital button merges your top10 search results in one comprehensive document.
Photo camera's	“Holographic 3D camera”	This camera enables you to make 3D images that can be projected afterwards.
Sports shoes	“Smart Sports shoe”	A new type of sports shoe with a sole that analyzes the surface you are sporting on and adapts its cushioning.
Chocolate spread	“Choco spread-spray”	A spray that makes it possible to distribute the chocolate spread evenly on a piece of bread. After the spread has been sprayed, it becomes thick and sticky like regular chocolate spread.
Skincare lotion	“Perfumed skincare lotion”	Skincare lotion that has the effect of perfume and is available in different scents.
PDA's	“Wide screen PDA”	Personal Digital Assistant with an extending mini-wide screen
Luxury watches	‘Secret luxury watch’	Luxury watch that is integrated in a luxury bracelet or necklace and is only visible for a few seconds when touched.
Cola drinks	“Ice coke”	Super refreshing coke that has a taste of melted ice.
Jeans	“Wash&fit jeans”	One size fits all jeans that adapts itself to your size in the first 24hours after its first wash
Computers	“Screen only computer”	Portable computer with no keyboard consisting of two seamless screens of which one can be used as a touch-screen keyboard, or in combination with the other screen to form a big screen.
4x4 cars	“Independent 4-wheel-drive”	A 4-wheel traction system characterized by the fact that traction for each wheel is manipulated independently from the traction of the other wheels, which enables the car to conquer obstacles where classic 4x4 cars fail.
Ketchup	“Carrot ketchup”	Ketchup based on carrots instead of tomatoes.

Table 4 Categories & brand stimuli used in data collection 2

























Product category	Brands
Ketchup	  
4x4 cars	  
Computers	  
Photo-cameras	  

Table 5 Brand & innovation stimuli used in data collection 3

Product category	Brands	Close new product	Distant new product
4x4 cars		‘Independent 4x4 drive’	‘Foldable city Scooter’
		<p>A 4-wheel traction system characterized by the fact that traction for each wheel is manipulated independently from the traction of the other wheels, which enables the car to conquer obstacles where classic 4x4 cars fail.</p>	<p>A foldable city-scooter that fits in the trunk of your car or can be taken on the train.</p>
			
Ketchup		‘Carrot ketchup’	‘Self-heating soup bar’
		<p>Ketchup based on carrots instead of tomatoes.</p>	<p>Soup bar that melts and heats up when broken</p>
			
Chocolate		‘Chocolate spray’	‘Booster Biscuit’
		<p>A spray that makes it possible to distribute the chocolate spread evenly on a piece of bread. After the spread has been sprayed, it becomes thick and sticky like regular chocolate spread.</p>	<p>Biscuit full of vitamins and energy supplements with the nice taste of a normal sweet biscuit.</p>
			
Beer		‘Ice Beer’	‘Smooth crisps’
		<p>Super refreshing beer that has a taste of melted ice.</p>	<p>Crisps that feel like a normal biscuit. No more greasy fingers!</p>
			

Main data collections

Three main data collections were organised to address the research questions. All three data collections consisted of an online survey that was administered to an Internet panel that is representative for the Flemish population (provided by InSites). To improve the realism of the presented fictitious branded new products, the brands that were tested were in most questions presented by means of their logo.

The first survey was filled out by 225 randomly chosen respondents (Gender: 49% male, 51% female; Age: 48% 25-40y, 50% 41-65y, 2% +65y). 72 brands from 12 different product categories were used as stimuli in that survey (see table 2). To guarantee a sufficient response quality, three groups of 75 persons each received questions about 24 brands. A second survey was filled out by 471 randomly chosen respondents (56,5% male, 19% 25-40y; 78% 41-65y; 3% 65+). Twelve brands from four different product categories (see table 4) were tested in the survey. To guarantee a sufficient response quality, three groups of 152 to 164 persons each received questions about 4 brands. A third and final survey was filled out by 893 respondents (46% female; 2% 19-24y, 16% 25-44y, 79% 41-65y, 3% 65+). Each respondent was asked to answer questions about one of the brands of each category that was included in the study. An overview of the product categories, brands and fictitious new products used in this study is given in table 5. Data were analysed using simple regression and ANOVA procedures.

Measurement constructs

All questionnaires consisted of validated scales that were published in previous research. An overview of the measurement constructs is provided in appendix 2.

To address the first research question of our study (*Does brand prototypicality help or hinder the adoption of branded innovations?*), the effect of brand typicality was tested on four variables that are considered strong predictors of innovation adoption: 'perceived brand-new product fit', 'perceived quality of the branded new product', 'attitude towards the branded new product' and 'purchase intentions of the branded new product'.

In the first main data collection, a strong main effect of brand typicality on fit was found ($\text{Beta}=.426$ ($p<.001$), Figure 7). In the second main data collection this positive effect was reproduced ($\text{Beta}=.479$ ($p<.001$), Figure 8), and

Figure 7 Perceived brand-product fit increases with brand typicality (data collection 1)

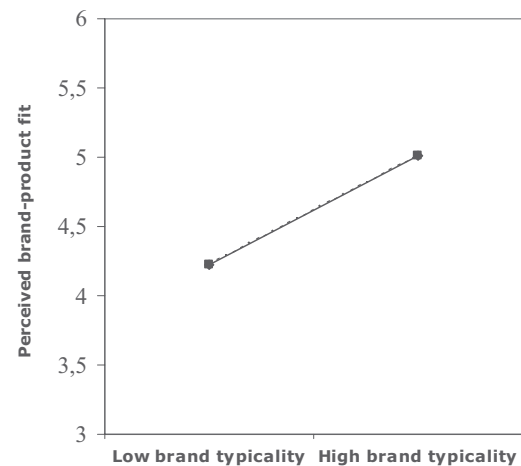
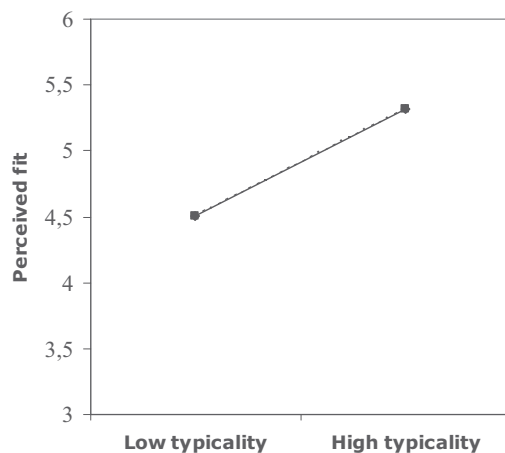


Figure 8 Perceived brand-product fit increases with brand typicality (data collection 2)

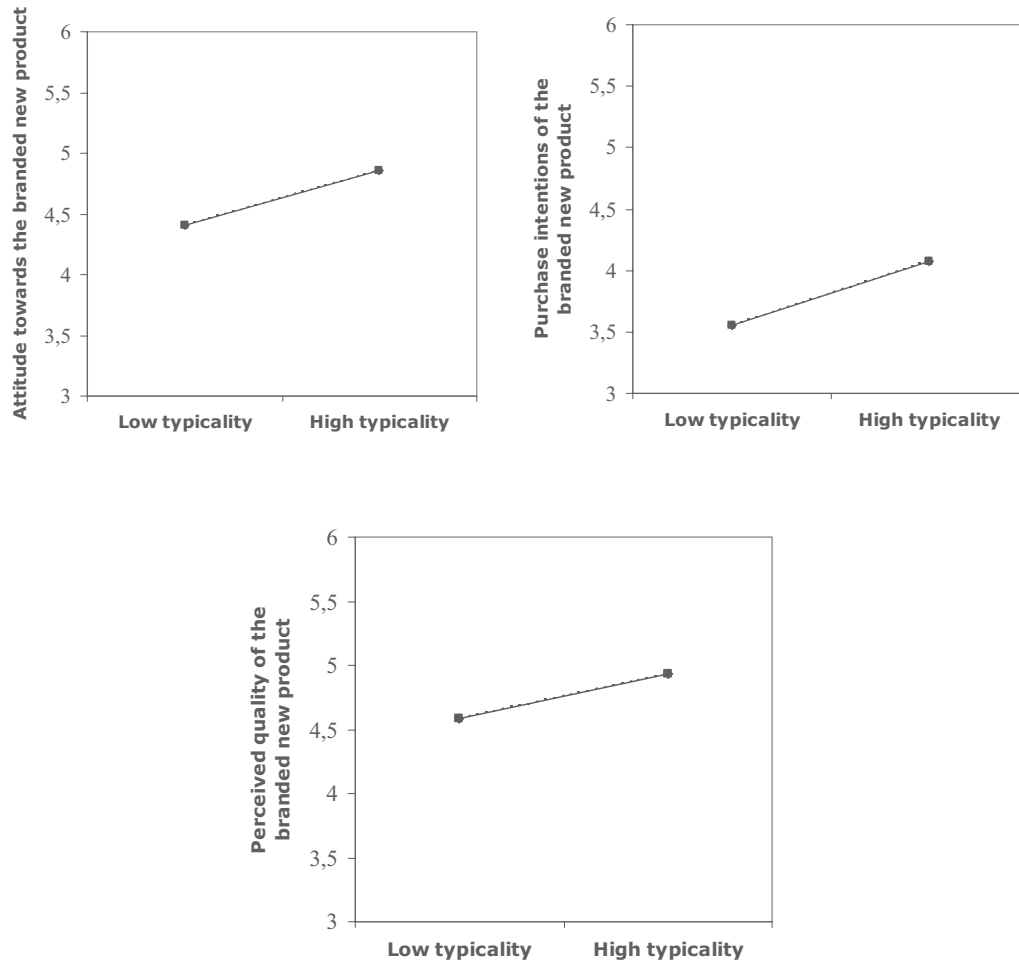


was expanded to variables more closely related to innovation acceptance (Figure 9). More specifically, regression analysis demonstrated a main effect of brand typicality on perceived quality of the new product ($\text{Beta}=.262$ ($p<.001$)), attitude towards the new product ($\text{Beta}=.226$ ($p<.001$)), and purchase intentions ($\text{Beta}=.250$ ($p<.001$)). These effects were expected as the innovation stimuli used in the first two main data collections were of a 'close' nature (i.e. in the same product category as the core product category of the brand). These observations lead to finding 1:

Finding 1

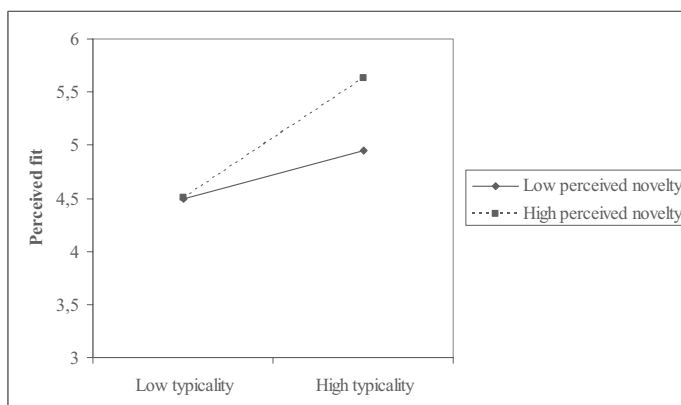
Consumer adoption of **close** branded new products increases with brand typicality.

Figure 9 Purchase intentions, perceived quality and attitude towards the branded new product increase with brand typicality (data collection 2)



However, in the theoretical section of this report it was argued that the strong anchoring of prototypical brands in consumers' current category representations, might limit their perceived suitedness (and thus their positive effect) when such brands are used to introduce considerably novel products, that

Figure 10 The positive effect of brand typicality increases with perceived novelty



by definition depart from existing category representations. We tested this prediction by looking at the moderating effect of the perceived novelty of the (unbranded) new product on the relationship between brand typicality and perceived brand-product fit. As illustrated in figure 10, a significant moderating effect of perceived novelty on the brand typicality-fit relationship was found in the first main data collection. However, the direction of the observed effect was unexpected. Contrary to theoretical reasoning above, the effect of typicality on perceived fit seems stronger for more novel branded products than for products perceived as less novel.

Finding 2

The positive effect of brand typicality on consumer adoption of branded new products (measured in terms of perceived brand-product fit) increases with the perceived newness of the (unbranded) product.

A possible explanation for this observation might lie in characteristics of prototypical brands other than their strong link with a core category. One of these characteristics is that prototypical brands tend to be perceived as high-quality, trustworthy, and low-risk (Nedungadi and Hutchinson 1985; Ward and Loken, 1988). Because more novel products often confront consumers with uncertainty, it is likely that they will look for means to reduce the perceived risk. Prototypical brands might provide such means, which may explain our finding of the positive effect of brand typicality on perceived fit and acceptance of novel products. This risk-reduction explanation was investigated in the second and third main data collection.

In the second main data collection a partially mediating effect was found of ‘perceived risk of the branded new product’ on the relationships between brand typicality and respectively perceived brand-product fit, perceived quality of the branded new product, attitude towards the branded new product and purchase intentions of the branded new product.

Figure 11 Perceived risk partially mediates the relationship between brand typicality and perceived fit

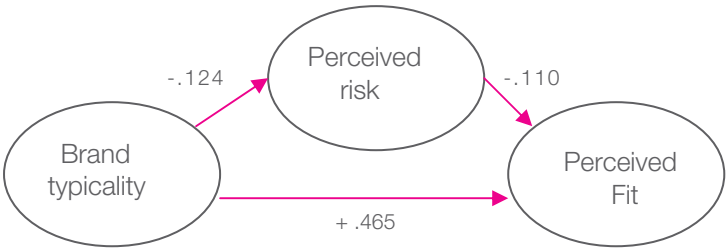


Figure 12 Perceived risk partially mediates the relationship between brand typicality and perceived quality of the new product

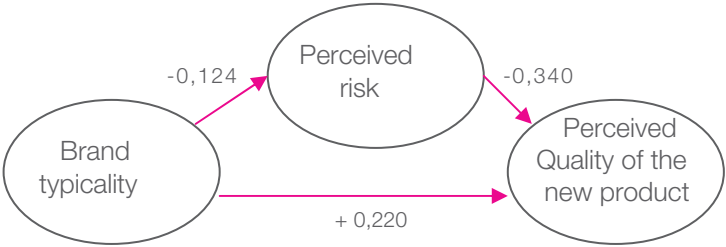


Figure 13 Perceived risk partially mediates the relationship between brand typicality and product attitude

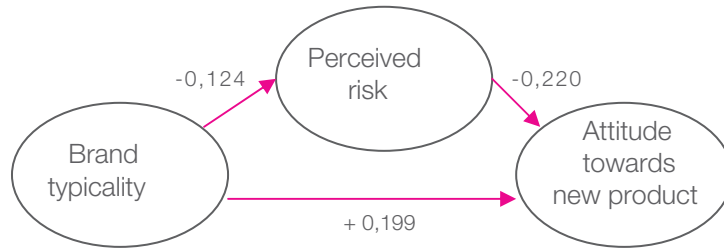


Figure 14 Perceived risk partially mediates the relationship between brand typicality and purchase intention

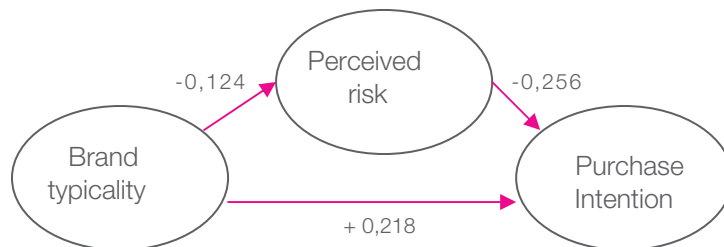


Table 6 Overview of the mediating effects of perceived risk

Independent	Dependent	Adjusted R ²	F	Beta (std.)	t
Typicality	Perceived Risk	.015	23.400 (p<.001)	-.124	-4.837 (p<.001)
Typicality	Perceived Fit	.240	239.643 (p<.001)	.465	20.582 (p<.001)
Risk	Perceived Fit			-.110	-4.863 (p<.001)
Typicality	Perceived Quality of the New Product	.182	168,353 (p<.001)	.220	9.363 (p<.001)
Risk	Perceived Quality of the New Product			-.340	-14.504 (p<.001)
Typicality	Attitude towards the New Product	.098	82.793 (p<.001)	.199	8,089 (p<.001)
Risk	Attitude towards the New Product			-.220	-8,931 (p<.001)
Typicality	Purchase Intentions	.126	109,575 (p<.001)	.218	9,012 (p<.001)
Risk	Purchase Intentions			-.256	-10,541 (p<.001)

In the third main data collection, similar mediating effects of 'perceived trust in the branded new product' on the relationship between brand typicality and respectively attitude towards the branded new product and purchase intentions, were demonstrated.

Figure 15 Perceived trust fully mediates the relationship between brand typicality and attitude towards the new product

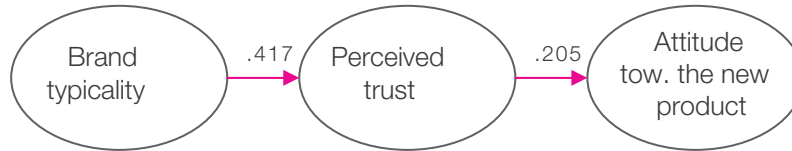


Figure 16 Perceived trust partially mediates the relationship between brand typicality and purchase intentions

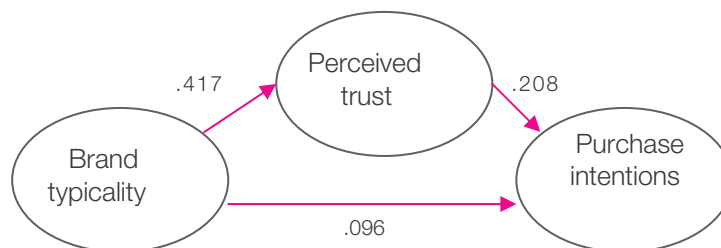


Table 7 Overview of the mediating effects of perceived trust in the branded new product

Independent	Dependent	Adjusted R ²	F	Beta (std.)	t
Typicality	Perceived Trust	.174	748.975 (p<.001)	.417	27.367 (p<.001)
Typicality	Attitude towards the New Product	.046	87.158 (p<.001)	.024	1,354 (p<.176)
Trust				.205	11,371 (p<.001)
Typicality	Purchase Intentions	.069	132,423 (p<.001)	.096	5,400 (p<.001)
Trust				.208	11,700 (p<.001)

These observations indicate that the strong low-risk, trustworthiness association of prototypical brands possibly plays a significant role as a driver of consumer adoption of branded new products.

Finding 3

The strong low-risk and trustworthiness association of prototypical brands (partially) explains the positive effects of brand typicality on consumer adoption of branded new products.

Because it was argued in the theoretical section that the strong category anchoring of prototypical brands might limit their extendibility to more distant new products, both close and distant innovation stimuli were used in the third main data collection. Theoretically we predicted that the positive effects of brand prototypicality should be stronger for close new products than for distant new products. The data offer preliminary evidence that supports these predictions.

Table 8 Results for close new products

Independent	Dependent	Adjusted R ²	F	Beta (std.)	t
Typicality	Attitude tow. New Product	.086	75.326 (p<.001)	.295	8.679(p<.001)

Independent	Dependent	Adjusted R ²	F	Beta (std.)	t
Typicality	Purchase intentions	.092	80.664 (p<.001)	.305	8.981(p<.001)

Table 9 Results for distant new products

Independent	Dependent	Adjusted R ²	F	Beta (std.)	t
Typicality	Attitude tow. New Product	.005	5.612 (p<.05)	.075	2.369(p<.05)

Independent	Dependent	Adjusted R ²	F	Beta (std.)	t
Typicality	Purchase intentions	.051	45.590 (p<.001)	.229	7.388(p<.001)

Finding 4

Companies that want to maximize the beneficial effects of prototypical brands on the acceptance of branded new products, should use them to introduce close new products. However, even when prototypical brands are used to introduce distant new products a (smaller) positive effect can be expected.

The low-risk and trustworthiness association of prototypical brands is a likely explanation for the fact that even for distant branded new products a positive effect of brand typicality remains. As new products are reported to trigger a certain level of consumer uncertainty, consumers might feel that the trust-inspiring characteristic of prototypical brands makes them good candidates to introduce such new products, despite the fact that the product is not very closely related to the core product category of the prototypical brand (as is the case with distant branded new products). In the case of close branded new products the risk-reduction aspect remains active, but is complemented with the fact that consumers will perceive a big fit between the product category dominantly associated with the brand and that of the new product. The fact that in the latter case two elements (risk-reduction & category fit) positively contribute to consumer adoption, may explain the stronger positive effects of brand typicality in the case of close branded new products. The data offer support for the above reasoning (the figures below illustrate that the category fit explanation for innovation adoption is only active in the case of close new products).

Figure 17 The effect of brand typicality on attitude towards the product for *close* branded new products (unconstrained)

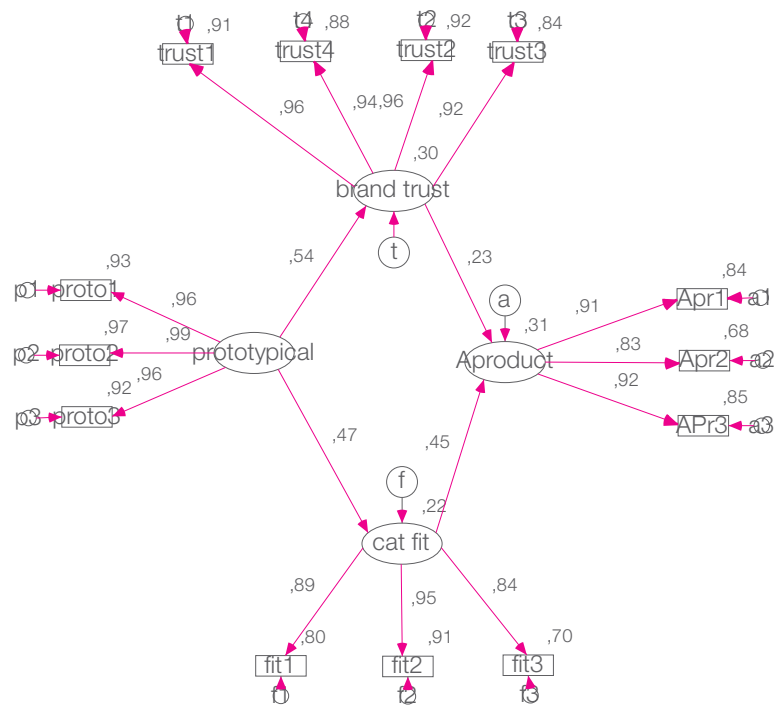


Figure 18 The effect of brand typicality on attitude towards the product for *distant* branded new products (unconstrained)

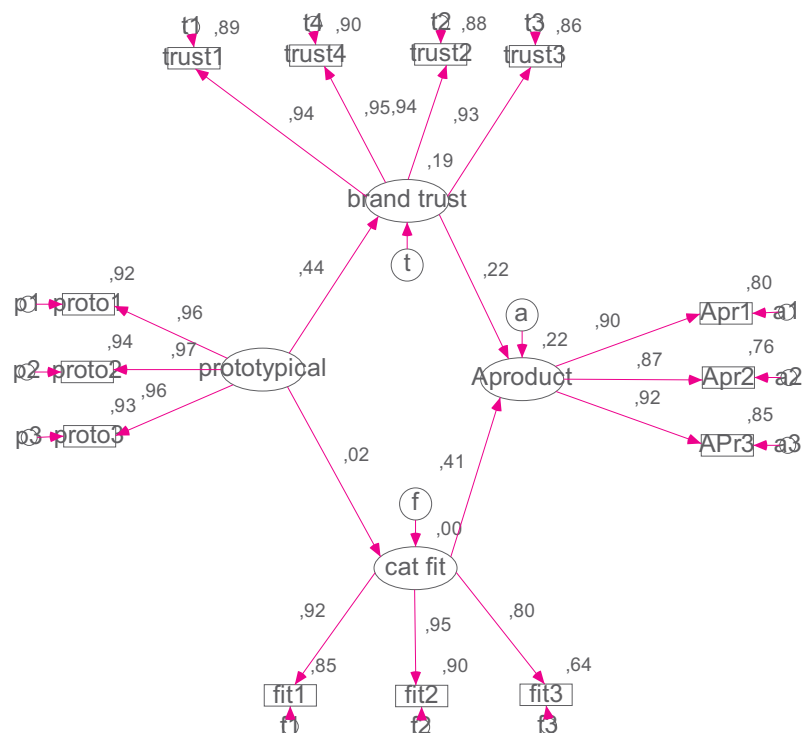


Figure 19 The effect of brand typicality on purchase intentions for *close* branded new products (unconstrained)

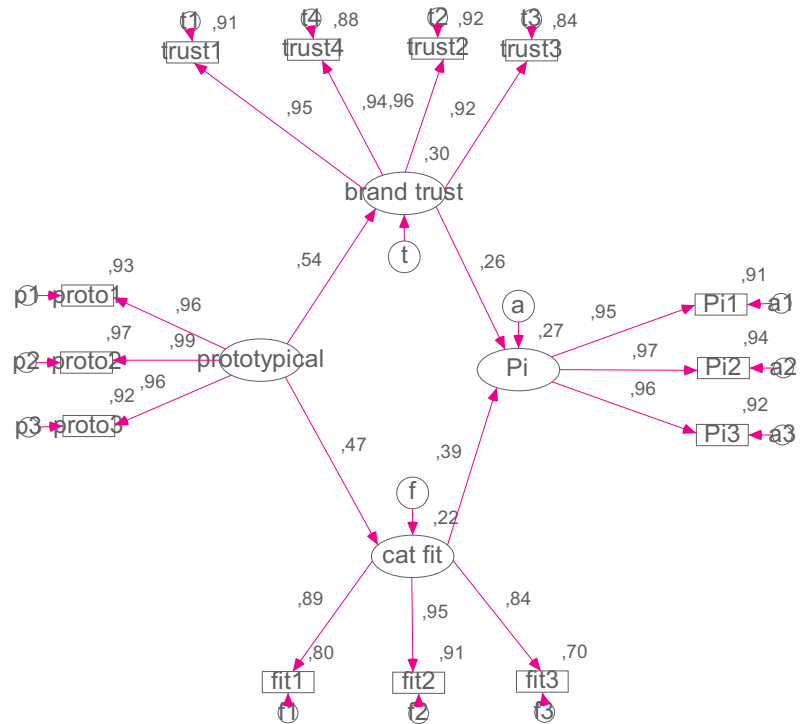
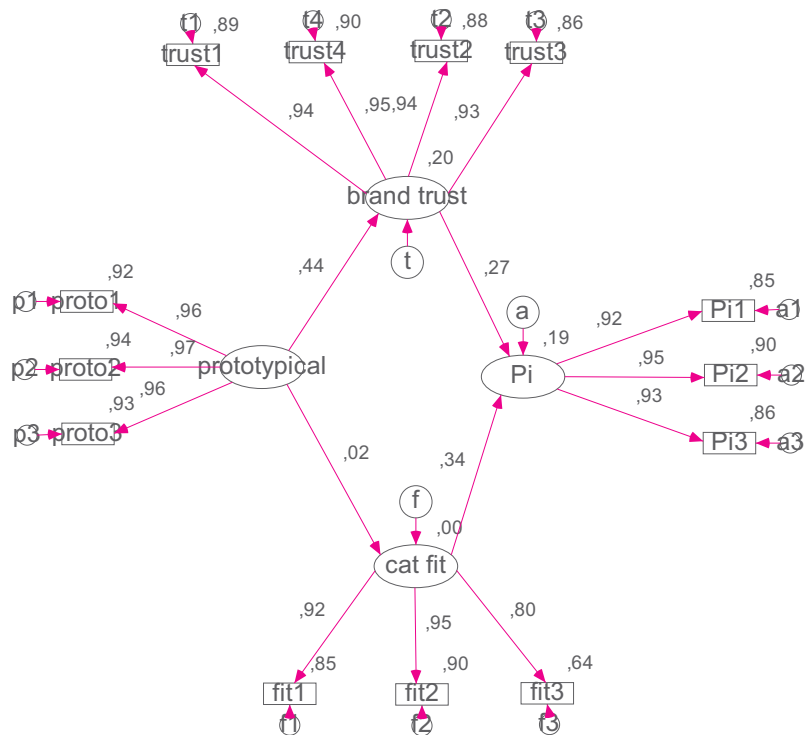


Figure 20 The effect of brand typicality on purchase intentions for *distant* branded new products (unconstrained)



Finding 5

We find preliminary evidence that there are two ‘routes’ to new product adoption in the context of prototypically branded new products. A first, ‘perceived category fit’ route increases new product acceptance to the extent that the product is perceived to be similar to the product category associated with the prototypical brand. A second ‘risk-reduction’ route increases acceptance because prototypical brands are highly trustworthy and low-risk, which counters the experienced uncertainty related to new products. Our results seem to indicate that for close new products both routes contribute to innovation acceptance, whereas for distant new products only the risk-reduction route is active.

Firms introducing new products face two main challenges. Convincing consumers to adopt the product is a first goal. In the previous paragraphs we demonstrated that brand typicality can facilitate innovation adoption. A second objective is to make sure that the product is perceived as different from existing products in the market, so companies can benefit from a differentiation advantage. The higher the perceived novelty of a product, the more it will be perceived as different from competing products. To address research question two and three, the effect of the nature of a brand on the perceived novelty of a *branded* new product was studied in the second main data collection. We studied the effect on perceived newness of a branded new product of four aspects related to brands: brand typicality, brand image, brand awareness and attitude towards the brand.

I 35

Table 10 Overview of the effects of the brand on perceived novelty

Independent	Dependent	Adjusted R ²	F	Beta (std.)	t
Brand awareness	Perceived Novelty	.093	31,902 (p<.001)	.064	2.299 (p<.001)
Attitude tow the brand				.167	5.566 (p<.05)
Brand typicality				.075	2.838 (p<.01)
Dominant util.-hed. image				.058	2.322 (p<.05)
Innovation image				.114	4.294 (p<.001)

The above findings illustrate that the perceived novelty of branded products increases with the typicality of the brand, with the extent to which brands have a utilitarian image, with the awareness level of the brand, and with the extent to which the brand triggers a positive attitude towards the brand. Finally, the extent to which a brand has an innovation image also increases newness perceptions of branded products as could be intuitively expected.

Despite past research that suggests that consumers’ knowledge and familiarity with existing products may hinder their ability to conceive new products (Fusco, 1994; Ziamou, 1999), our findings confirm the results of more recent research by Selinger, Dahl and Moreau (2006) who argue and demonstrate that newness perceptions of consumers rely on their ability to identify a product’s category. Our results related to the impact of brand typicality on newness perceptions offer further support to this theory. Apparently instead of blocking new learning, the strong cue (category label) provided by prototypical brands enables consumers to make sense of new products which increases perceived novelty. The facilitating effect of providing a category label might also offer an explanation for the

finding that brands with a dominantly utilitarian brand image increase the perceived novelty of an innovation. As utilitarian or functional brands trigger more directly the dominant product category a brand belongs to, such brands might also provide consumers more quickly with a stronger category label than hedonic brands of which the symbolic and experiential brand characteristics will be very salient in consumers' minds and will delay (maybe even inhibit to a certain extent) the retrieval of the association of the brand with its core category.

To explain the positive impact of brand awareness on novelty perceptions, we start from the associative network memory model (Anderson, 1983; Wyer and Srull, 1989). This model views memory as a network consisting of nodes and connecting links, in which nodes represent stored information, and links represent the strength of association between the information (Keller, 2008).

Because high awareness brands have by definition a stronger developed network of nodes and links in consumers' minds than low awareness brands, information that deviates from this network will be more quickly noticed for high awareness brands than for low awareness brands. In the context of branded new products, this means that novel attributes of a product will be more quickly noticed if that product is introduced using a high awareness brand. As more focus is paid to the novelty of the product when the awareness of the introducing brand increases, this may lead to an overestimation in terms of perceived novelty.

Finally, a positive impact was observed of the attitude towards the brand of consumers on newness perceptions of branded new products. Consumers having a positive attitude towards the brand have been reported to trust the brand and remain loyal to it (e.g., Chaudhuri, 1999; Grossman and Till, 1998). In the context of branded new products, strong positive attitudes towards the brand have been demonstrated to positively influence evaluations of brand extensions (e.g., Aaker and Keller 1990; Lane and Jacobson, 1995). In other words, consumers who like the brand will be biased towards a positive interpretation of elements related to the brand. The novelty of products has been reported to be perceived by consumers as something good or a positive characteristic (e.g., Dahl and Moreau, 2002; Lee and O'Conner, 2003). For this reason, we argue that it is likely that fans of the brand will exaggerate the perceived newness of products introduced by their favourite brand. Consider the example of an Apple-fan that will strongly advocate the genius of the novelties in terms of user-friendliness and technology in the newest MacBook. In other words, consumers that have a strong positive attitude towards the brand may perceive a branded new product as more novel than consumers with a less positive attitude.

Finding 6

The higher the typicality of the brand name used to introduce a close new product, the higher the perceived novelty of the branded new product.

Finding 7

The higher the awareness of the brand name used to introduce an innovation, the higher the perceived novelty of the branded new product.

Finding 8

A more positive attitude towards the brand will increase the perceived novelty of a branded new product.

Finding 9

The more utilitarian the dominant image of the brand name used to introduce an innovation, the higher the perceived novelty of the branded new product.

How can prototypical brands contribute to key marketing objectives in the context of introducing new product innovations?

When companies launch new products, they increasingly avoid creating a completely new brand name, but instead use an existing brand to introduce the product. One of the main reasons lies in the enormous investment needed to create a novel brand name. If developing a new brand name is dismissed as a strategic option to launch an innovation, determining what type of existing brand is best suited to launch an innovation becomes a key issue. This research report demonstrates that prototypical brands, or brands that are most representative of their core category (Loken and Ward, 1990; Keller, 1991) are excellent candidates for this purpose.

Companies especially struggle to facilitate the adoption of highly novel products. Consumer acceptance of highly new products is typically (s)low, because highly new products are associated with highly perceived uncertainty and they require substantial consumer learning (Golder and Tellis, 1997; Sorescu, Chandy, and Prabhu, 2003). On the other hand, truly novel products have been documented to account for the major part of all profits from product innovation (Day, 2006). We find that brand typicality positively impacts the adoption of branded new products, and that this positive impact increases when these innovations are perceived as more novel. In other words, prototypical brands seem to represent a means to help companies achieve the acceptance challenge related to highly new products.

The results presented in this research report further indicate that companies that want to maximize the beneficial effects of prototypical brands on consumer adoption of branded new products, should use them to introduce close new products (i.e. products in the same product category as the core product category associated with the brand). However, even when prototypical brands are used to introduce *distant* new products a (smaller) positive effect can be expected, which can be explained by the strong risk-reduction and trust-inspiring characteristic of prototypical brands.

Firms introducing new products face two main challenges. Apart from convincing consumers to adopt the product, a second aim is to make sure the product is perceived as different from existing products in the market to benefit from a differentiation advantage. This research report shows that prototypical brands can also be helpful in this respect. On a general level, we show that brands provide a means to firms to manipulate the perceived novelty of its new products. We find that prototypical brands increase the perceived novelty of new products. We also find that using brands that are characterized by a high awareness level, that have a strong positive brand attitude or brands that have a functional and/or innovation brand image, positively impacts the perceived novelty of a new product.

Summarizing, our results seem to suggest that prototypical brands offer a 'best-of-both-worlds' solution to companies. On the one hand they seem to decrease the perceived risk associated with more new products, hereby increasing acceptance, while on the other hand they make the product to be perceived as more novel or distinct. As already mentioned, new products struggle with the often conflicting objectives of being on the one hand rapidly accepted by a large number of consumers, and

on the other hand being perceived as novel to differentiate themselves from competitors. Prototypical brands seem to enable companies to achieve both objectives. These insights are particularly relevant in difficult economical times when the focus is on 'efficient innovation'. We demonstrate that brands, and specifically prototypical brands, can improve the efficiency of the product innovation efforts companies undertake.

Innovative golf tee prototypes engineered by Altitude, Inc., in order of Nike



Carl Madore,
Creative Director

"Altitude transformed a neglected commodity accessory into a product that challenges the status quo and truly complements our new oversized driver. They showed the stodgy golf world how innovative Nike is, and we had the bonus of receiving a prestigious IDSA award and seeing them published in BusinessWeek."

Awards:
IDEA Winner

Tee it up.

When Nike asked Altitude to help segment its golf customers, this strategic assignment led to a re-evaluation of one of the most basic components of the sport; the golf tee. With the ultimate goal of increasing sales of Nike golf products, we conducted extensive contextual research with golfers to understand their needs, attitudes, and values. We found that golfers wanted products that helped them learn the game quickly, that inspired them, and that made the game easier to play. We leveraged this knowledge to carefully analyze and segment Nike's golf customers into three new categories, thus enabling Nike to develop the appropriate clubs and products to meet their needs.

Putting segmentation into action

As part of our effort, we were also tasked to re-invent the golf tee, increasing its height to enhance the performance of Nike's new over-sized driver. We analyzed incumbent golf tees, the physics of the swing, ball set-up, and other tactical elements. We also examined the attributes customers desired, such as performance and convenience. Our research and design efforts yielded a diverse range of 33 concepts, and a standing ovation from Nike. Provided free with Nike clubs, these distinctive tees demonstrate Nike innovation, while helping golfers perform better and enjoy the sport at an elevated level. Nike is currently evaluating the four prototype designs for large-scale production.

Product Highlights

Segmentation Chart

We mapped our designs to three key categories based on our needs based customer segmentation demonstrating Altitude's ability to create multiple, viable solutions to meet Nike's challenges.



Array

All tee solutions are designed to maximize results with Nike's large-format drivers and specialty clubs. They are intended to help regular golfers increase performance, enhancement, and pleasure.



Mojo

The bright orange "power core" of this design suggests performance and increases visibility. The unique hourglass shape produces an oversized hole for friction management and easy removal from the course.



Mojo Interior

Since this design is intended for "magic seekers," we suggested that the liquid center be brewed from Tiger Woods' sweat, turf from Old Scotland, sand from Pebble Beach, and tears from the Nike Goddess.



Genie

This design's upper torso is comprised of a recycled cellulose powder that disintegrates upon impact. The bottom half of the tee is made with a compressed time-release fertilizer that remains in the ground to nourish the course.



Spline

This design cradles the ball and moves it away from the stem, reducing club interference. A hole through the top reduces ball friction. Scored lines denote heights for different clubs or golfer preference.



Card

This flat design enables easy storage, provides an area for advertising, and allows for play on all course environments. Fit the holes over the bumps, as you would the strap of a baseball cap, to adjust the height.



Measurement constructs used in the main data collections

Brand typicality (included in data collection 1, 2 and 3)

Definition

Brand typicality is defined as the degree to which an object is representative of a category (Rosch, 1978; Barsalou, 1985; Nedungadi and Hutchinson, 1985; Veryzer and Hutchinson, 1998).

Measurement

Brand typicality was measured with three 7-point Likert scales (1=totally disagree, 7=totally agree) taken from Loken and Ward (1990) and Ward and Loken (1988), who start from the measurement instructions of Rosch and Mervis (1975). Prior to the scales, respondents received the following introduction to the typicality construct: *"Please indicate to what extent every brand is typical for the given category. 'Extremely typical' means you feel the brand is a very good (possibly the best) example of your idea or image of what the category is. 'Not at all typical' means that you find the brand not at all representative for the product category. A typical brand is a very representative or a very good example of the product category, not (necessarily) a brand that you prefer. Inversely a brand is not typical if it is unrepresentative or a poor example of the product category, not (necessarily) a less preferred example. A more typical example does not necessarily occur more frequently, and a less typical example does not necessarily occur less frequently. For example, in the category 'Italian sports cars' 'Ferrari' is a more typical brand than brands such as Lamborghini, Maserati, Bugatti or Alpha Romeo."* Immediately following the introductory text, consumers were asked to indicate to what extent they agreed with the following statements: This brand is a good example of the product category x, This is a representative brand for the product category x, and This is a typical brand within the category x. ($\alpha = .962$)

Perceived New Product Novelty (included in data collection 1)

Definition

Herzenstein, Posavac and Brakus (2007) argue that the newness level of a product is not only objective (i.e., the introduction date) but also subjective to consumers. In line with this view, perceived new product novelty is defined in this study as the extent to which a new product is perceived as unique or different from existing products.

Measurement

The construct was measured by combining the item used by Herzenstein, Posavac and Brakus (2007) (Based on the above description x, please rate how new you think it is (1 = not at all new and 7 = extremely new)) and the three items used by Chaudhuri (2002) (This product is unique; There is no substitute for this product; This product is different from other products (1= very strongly disagree and 7= very strongly agree)) ($\alpha = .895$).

Perceived fit (included in data collection 1, 2)

Definition

Fit is conceptualized as the extension's perceived similarity to the parent brand primarily on dimensions such as product category and attributes (e.g., benefits, image) (Broniarczyk and Alba 1994; Keller 2002; Park, Milberg, and Lawson 1991; Ahluwalia, 2008).

Measurement

Perceived fit was measured with a three-item seven point Likert scale adapted from Bridges, Keller and Sood (2000) (There is a fit between the brand and the new product; I understand the connection between the brand and the new product; The extension product is appropriate for the brand) ($\alpha=.908$).

Perceived risk of the new product (included in data collection 2)

Definition

Perceived risk is defined as the expectation of losses associated with purchase (Peter and Ryan, 1976; Stone and Gronhaug, 1993). Perceived risk can consist of different subdimensions such as perceived financial risk, perceived performance risk, perceived psychological risk, perceived physical risk, perceived social risk, and perceived time(-loss) risk (e.g., Peter and Tarpey, 1975; Evans, 1982; Stone & Gronhaug, 1993; Hassan et al., 2006). Notwithstanding these sub-dimensions perceived risk is mostly assessed using a one-dimensional measure.

Measurement

To remind consumers of the fact that perceived risk has several subdimensions, the following introduction was provided, based on Stone and Gronhaug (1993): *"Purchasing a new product brings a certain amount of risk. This risk results from different uncertainties. For example: Is the product worth its money? Will the quality and reliability be sufficient? How will people react when I use this product? Will it make me look foolish? Isn't it too showy?"* Following this short introduction, perceived risk was measured using the following items (partly adapted from Gürhan-Canli & Batra, 2004): *The purchase/use of this product is very risky, The decision to buy/use this product brings a lot of risk, and A lot of risk is involved in the purchase/use of this product.* All items were scored on a 7-point Likert scale (1=totally disagree, 7= totally agree) ($\alpha=.963$).

Perceived quality of the new product (included in data collection 2)

Definition

Perceived quality is defined as the superiority of the product in dimensions such as appearance, performance, workmanship, and life/durability (Aaker and Jacobson, 1994; Buzzell and Gale, 1987; Clark and Fujimoto, 1991; Jacobson and Aaker 1987; Phillips, Chang, and Buzzell 1983; Sethi, 2000)

Measurement

Perceived quality was measured by three items (This is a reliable product; This is a durable product; This is a product of high quality), adapted from Dawar and Sarvary (1997), Han (1998) and Kalamas et al., (2006). All items were scored on a 7-point Likert scale (1=totally disagree, 7= totally agree) and were combined in one measure of 'perceived quality' ($\alpha=.952$).

Attitude towards the new product (included in data collection 2 and 3)

Definition

The majority of 20th-century definitions of the attitude construct stress two characteristics: (1) an attitude is centred or directed at an object and (2) an attitude is evaluative in nature (Giner-Sorolla, 1999; Spears and Singh, 2004). In line with the definition of Spears and Singh (2004) we conceptualize 'attitude towards the new product' as a relatively enduring, one-dimensional summary evaluation of the new product that presumably energizes behaviour.

Measurement

Following Loken and Ward (1990) a measurement scale for 'attitude towards the new product', was adapted from existing 'attitude towards the brand' scales. More specifically, three frequently used 7-point semantic differential scales (*I feel negative/positive about this product; This seems a bad/good product to me; I find this product appealing/unappealing*, adapted from Spears and Singh, 2004; Osgood, Suci, and Tannenbaum 1957; Campbell and Keller, 2003 and Loken & Ward, 1990) were combined to measure the 'attitude towards the new product' construct ($\alpha .940$).

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Purchase intentions (included in data collection 2 and 3)

Definition

Early work defined innovation adoption as 'the acceptance and the continued use' of an innovation (Robertson, 1971; Nabih and Bloem, 1997). As 'continued use' poses an evident problem in the case of nondurable innovations, the term is commonly replaced in the definition by 'repeat purchase decisions'. However, this definition still leads to operational complexities related to the time frame and the number of repeat purchases to be considered (Nabih and Bloem, 1997). To avoid these complexities, later work (e.g., Steenkamp and Gielens, 2003; Chakravarti and Xie, 2006; Herzenstein, Posavac and Brakus, 2007) has defined adoption more narrowly. For example, Prins and Verhoef (2007) define adoption in a service context as "the actual buying of the new service by an existing customer". Starting for a similar conceptualisation, Herzenstein, Posavac and Brakus (2007) operationalize adoption by measuring consumers' purchase intentions. We adopt this view on adoption and focus on the measurement of purchase intentions.

Measurement

Three items, adapted from Herzenstein, Posavac, Brakus (2007), were used to measure purchase intentions of the new product on a 7-point Likert scale. The items were introduced using the following text: "Assume that you will be buying a –category new product e.g., photo camera-, and that the above product is available on the market at a fair price. In this situation... it seems a good idea to buy this product... it is likely that I will buy this product... it is possible that I will ever buy this product" ($\alpha =.956$).

Perceived New Branded Product Novelty (included in data collection 2)

Definition

Herzenstein, Posavac and Brakus (2007) argue that the newness level of a product is not only objective (i.e., the introduction date) but also subjective to consumers. In line with this view, perceived new product novelty is defined in this study as the extent to which a new product is perceived as unique or different from existing products.

Measurement

The construct was measured by combining the item used by Herzenstein, Posavac and Brakus (2007) (*Based on the above description of x, please rate how new you think it is (1 = not at all new and 7 = extremely new)*) and the three items used by Chaudhuri (2002) (This product is unique; There is no substitute for this product; This product is different from other products (*1= very strongly disagree and 7= very strongly agree*)) (alpha = .875).

Dominant (Utilitarian vs. Hedonic) Brand image (included in data collection 2)

Definition

Brand image is defined as the perception of consumers about a brand, as reflected by the brand associations held in memory (Herzog, 1963). We focus on two types of image: a utilitarian image that relates to the utilitarian dimension of consumers' attitudes towards the brand, or the dimension derived from functions performed by the branded product; and a hedonic image that relates to the hedonic dimension of consumers' attitudes towards the brand, or the dimension resulting from sensations derived from the experience of using products (Voss, Spangenberg and Grohmann, 2003).

Measurement

The dominant (utilitarian vs. hedonic) brand image is measured using the 10-item measurement scale (the HED/UT scale) of Voss, Spangenberg and Grohmann (2003) (alpha utilitarian=.900; alpha hedonic=.888).

Brand awareness & Attitude towards the brand (included in data collection 2)

Definitions

Attitude towards the brand is defined as a relatively enduring, one-dimensional summary evaluation of the brand that presumably energizes behaviour (Spears and Singh, 2004). Brand awareness is defined as the strength of the brand node or trace in memory, as reflected by consumers' ability to identify the brand under different conditions (Keller, 2008).

Measurement

Brand awareness was measured with a single item (Do you know these brands?) scored on a 7-point Likert scale (1=totally disagree, 7= totally agree). Attitude towards the brand was measured with three items (*positive/negative, good/bad, appealing/non-appealing*) scored on a 7-point Likert scale. All items were taken from scales used by several authors (e.g., Spears and Singh, 2004; Osgood, Suci, and Tannenbaum 1957; Campbell and Keller, 2003) (alpha attitude towards the brand=.911).

Innovation brand image (included in data collection 2)

Definition

A brand is considered to have an innovation image when consumers associate the brand with the ability to launch new and different services and products (adapted from Herzog, 1963).

Measurement

'Innovation image' was measured with one item (*To what extent do you find the image of this brand innovative/not innovative?*) scored on a 7-point semantic differential scale.

Trust in the new product (included in data collection 3)

Definition

In line with Chaudhuri and Holbrook (2001), we define trust as consumers' willingness to rely on the ability of the branded new product to perform its stated function.

Measurement

Four items, previously used by Chaudhuri and Holbrook (2001) were used to measure trust on a 7-point Likert scale (*I trust this product; I rely on this product; This is an honest product; This product is safe*) ($\alpha = .975$).

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